# Weekly Economic Review

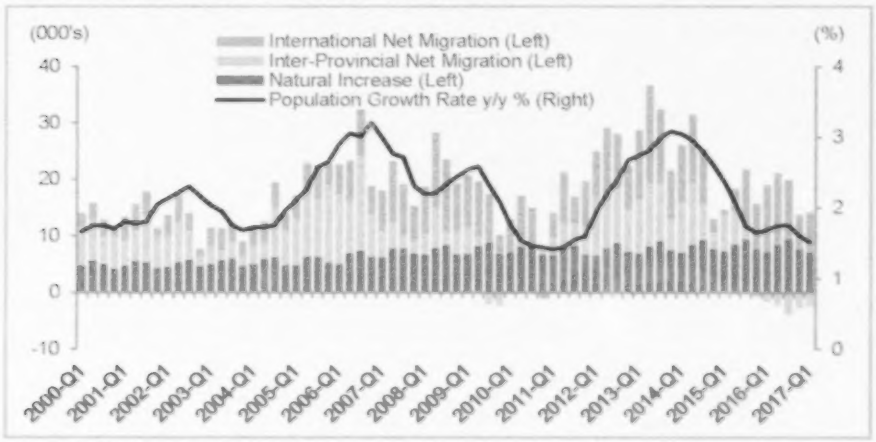
## Alberta population growth is moderating

### Population

**Natural increase and immigration support population growth**

Alberta's population grew during the first quarter, but the pace was relatively slow. The province added 11,853 people in the first three months of 2017, largely due to solid inflows of immigrants and natural increase (Chart 1). Although Alberta's economy has been showing signs of recovery, the lagged effect of the recession continues to impact interprovincial migration. Alberta saw a net loss of 2,392 interprovincial migrants in the first quarter. A loss of 4,720 non-permanent residents also weighed on population growth. At 1.37%, year-over-year (y/y) growth was the slowest in over 20 years for Alberta, but still higher than the national rate (1.23%).

Chart 1: Interprovincial migration weighs on population growth
Contribution to changes in Alberta's population




Source: Statistics Canada

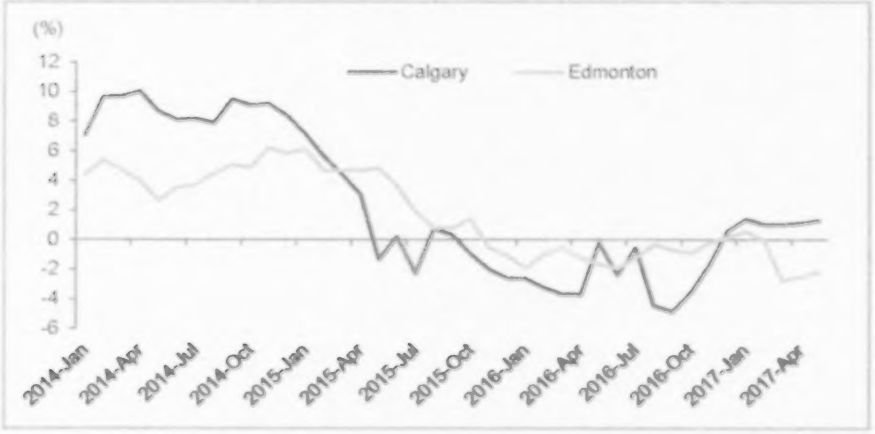
### Resale Housing

**Resale market retreats**

After a solid start to the year, the resale market took a step back in May. The number of home resales fell 6.1% month-over-month (m/m) to a six-month low of 4,519 units, while the number of new listings jumped 5.2% m/m to reach a 28-month high. This caused the sales-to-new listing ratio to fall from 50.7% to a six-month low of 45.2%. Even with declining sales, the average resale price was virtually unchanged in May and up 2.2% y/y.

Accounting for quality differences between homes, house prices in Calgary as measured by the Teranet-National Bank index increased 1.3% over the past year, while prices in Edmonton fell 2.2% (Chart 2). Both are down about 4% from their respective peaks, but have been rising on a monthly basis.

Chart 2: House prices in Calgary have improved
Year-over-year change in Teranet-National Bank House Price Index




Source: Teranet-National Bank

### Manufacturing Shipments

**Broad gains support recovery**

Manufacturing sales rose to the highest level in over two years in April. Sales rose 3.0% m/m to $6.0 billion (Chart 3), marking the sixth consecutive monthly increase. Sales are up over 20% since hitting a five-year low in February 2016. The monthly gains were broad-based, led by a recovery in petroleum and coal shipments (+7.5% m/m) after a two-month decline. Machinery sales

(+8.8% m/m) rose for a seventh-straight month and food manufacturing (+1.3% m/m) set a record high. On a year-over-year basis, shipments were up 16% as the recovery continued to strengthen in most categories, boosted by higher energy prices.

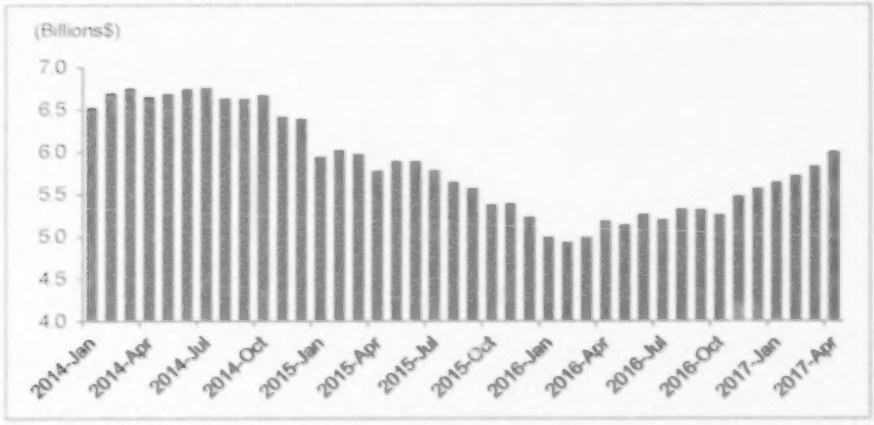
## Building Permits

Non-residential permits continued to decline

The value of Alberta building permits fell for the third-straight month in April. Permit values decreased 11% m/m to just under $1.0 billion, with declines across most building types. Non-residential permits declined 18% m/m and have fallen in nine out of the last 12 months to hit the lowest level since April 2011 (Chart 4). Industrial permits pulled back in April and governmental and institutional permits dropped to the lowest level since late 2014. Residential permits fell 6.6% m/m, ending three-month growth streak that saw permits improve 36% to start 2017.

Chart 3: Manufacturing shipments are ramping up

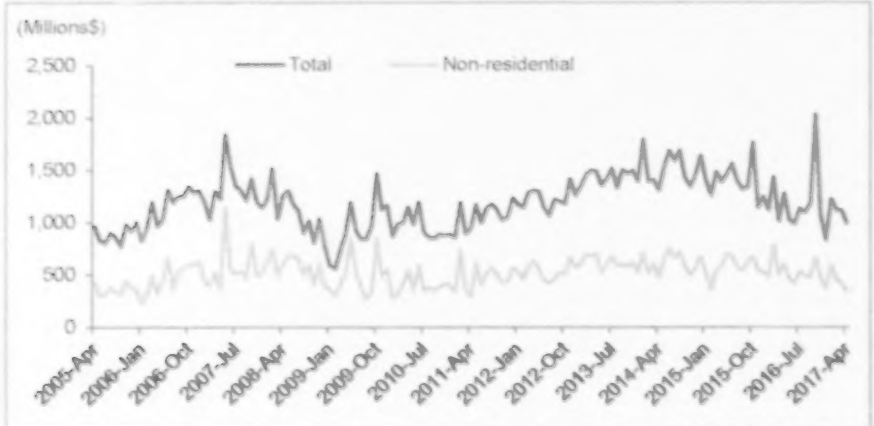
Alberta Manufacturing Shipments




Source: Statistics Canada

Chart 4: Non-residential permits fall to six-year low

Value of Alberta Building Permits




Source: Statistics Canada

Compared to April 2016, Alberta permits decreased 22%, in part because of a 48% drop in Calgary permits.

## Business Formation

Recovery underway

Alberta's business formation continues to recover from the lows experienced over the last two years. The number of businesses formed over the three months ending in May was up 10% y/y. There were 3,673 businesses formed over the period. Business formation has recovered over 60% of the decline between September 2014 and 2016.

## Canadian Household Debt

Net worth continues to increase

Canadian household net worth increased in the first quarter of 2017 as household debt eased from a record high. After three quarterly increases, the debt-to-disposable income ratio fell from 167.2 to 166.9. Growth in household debt slowed to 5.1% y/y as growth in non-mortgage debt (+2.7% y/y) was the slowest since the second quarter of 2013. Mortgage debt expanded by 6.1% y/y. In addition, higher property values and rising equity prices outpaced growth in debt, causing household net worth to increase for the sixth straight quarter.

## US Federal Reserve

Fed increased rates again

The US Federal Reserve increased interest rates for the third time in the last six months. With the continued strength in the US labour market and inflation near 2.0%, the Federal Reserve increased the target range for the federal funds rate by 25 basis points to 1.00%-1.25%. The FOMC also introduced a plan to lower its balance sheet holdings by limiting the amount of reinvestment of maturing securities.

## Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.